



Claire McCaskill

Missouri State Auditor

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August 2006

City of Bosworth, Missouri

Year Ended December 31, 2005



Office Of  
Missouri State Auditor  
Claire McCaskill

August 2006

The following findings were included in our audit report on the City of Bosworth, Missouri.

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The city of Bosworth does not maintain a fund ledger for its General Fund showing the beginning balances, monthly revenues by source and expenditures by type, and ending balances. The city does not separately account for its water service activity and has not established a separate fund or separate accounting for motor vehicle-related revenues received from the state, and does not monitor the use of these funds to ensure compliance with state law.

Because the city has not established procedures for the review of the work and records of the city clerk's office, numerous recording errors made were not detected and/or corrected. As a result, the city's bank account and checkbook register for its General Fund account are in disagreement. Additionally, the City Clerk does not perform a monthly reconciliation of the bank balance to the accounting records and does not prepare a receipt log and/or receipts slips for monies she collects. Blank checks are sometimes signed in advance by the Mayor and City Treasurer and checks were sometimes written when sufficient funds were not available in the city's checking account.

The duties performed by the City Collector are not adequately segregated, and there is no independent review of the City Collector's controls, records, and procedures. Additionally, errors were found in calculations of some property taxes due. Additions and abatements to the tax records are made by the City Collector rather than the board, and monies received are not deposited in a timely manner. According to the City Collector, she may only make two deposits during busy months. The City Collector does not prepare appropriate reports for the board as required by state law including a detailed annual report, an annual list of delinquent taxes, and a monthly report of delinquent tax collections.

In 2005, water and trash collections totaled almost \$58,000, however there is no independent oversight of the water clerk's activities. Although the City Clerk makes the deposit, the water clerk does not receive a validated deposit slip to compare to her records. The water clerk does not perform monthly reconciliations of total billings, payments received, and amounts remaining unpaid for the water/trash services and such receipts are generally deposited only once a month. The water deposits recorded on city records are not reconciled to monies in the bank. In addition, effective January 1, 2006, the city increased fees paid by residents for trash services without having approval of the board.

The city does not prepare and adopt annual budgets in accordance with state law. In

YELLOW SHEET

addition, actual expenditures exceeded budgeted amounts in the General Fund by almost \$10,000 for the year ended December 31, 2005. It appears the board did not detect the overspending because budget to actual comparisons are not prepared and reviewed by the board prior to approving expenditures.

The appointment of the Mayor's wife as City Clerk is questionable. The mayor's wife was first appointed as City Clerk by a former mayor in 1997. However, when the current Mayor was first elected in April 2001, he reappointed his wife as City Clerk. The city's board minutes did not indicate that the board voted on this reappointment.

The city does not have a formal bidding policy. The decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. Overall, it appears the city bids very few items. In addition, the city did not solicit proposals for its engineering services. For the year ended December 31, 2004, the city paid almost \$30,000 for engineering services related to the city's waterworks and sidewalk improvements. Also, the city did not always have formal written agreements with individuals providing services to the city.

Also included in the report are recommendations related to financial reporting, payroll and personnel matters, minutes, meetings, and ordinances, and capital assets.

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CITY OF BOSWORTH, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
STATE AUDITOR'S REPORT .....	1-3
MANAGEMENT ADVISORY REPORT - STATE AUDITOR'S FINDINGS .....	4-28
<u>Number</u>	<u>Description</u>
1.	Accounting Controls, Records, and Procedures .....5
2.	City Collector Controls, Records, and Procedures .....10
3.	Water and Trash Services .....13
4.	Budgeting, Financial Reporting, and Planning .....17
5.	Minutes, Meetings, and Ordinances .....19
6.	Personnel and Payroll .....21
7.	Expenditures .....24
8.	Capital Assets .....28
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION .....	29-32

## STATE AUDITOR'S REPORT



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

To the Honorable Mayor  
and  
Members of the Board of Alderman  
City of Bosworth, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the city of Bosworth, Missouri. The scope of our audit of the city included, but was not necessarily limited to, the year ended December 31, 2005. The objectives of this audit were to:

1. Perform procedures to evaluate the petitioners' concerns.
2. Review internal controls over significant management and financial functions.
3. Review compliance with certain legal provisions.

To accomplish these objectives, we reviewed minutes of meetings, written policies, financial records, and other pertinent documents; interviewed various personnel of the city, as well as certain external parties; and tested selected transactions. Our methodology included, but was not necessarily limited to, the following:

1. We obtained an understanding of petitioner concerns and performed various procedures to determine their validity and significance.
2. We obtained an understanding of internal controls significant to the audit objectives and considered whether specific controls have been properly designed and placed in operation. However, providing an opinion on internal controls was not an objective of our audit and accordingly, we do not express such an opinion.
3. We obtained an understanding of legal provisions significant to the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting significant instances of noncompliance with the

provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the city's management and was not subjected to the procedures applied in the audit of the city.

The accompanying Management Advisory Report presents our findings arising from our audit of the city of Bosworth, Missouri.

A handwritten signature in black ink that reads "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

March 31, 2006 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Toni M. Crabtree, CPA
In-Charge Auditor:	Cara M. Hoff

MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS



CITY OF BOSWORTH  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

<b>1.</b>	<b>Accounting Controls, Records, and Procedures</b>
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There are numerous weaknesses in the city's accounting controls, records, and procedures. Duties related to the city clerk's office were not segregated; a financial accounting system was not established; errors in the accounting records were not identified and/or corrected; a monthly bank reconciliation was not prepared; a receipt log was not maintained; checks were not restrictively endorsed upon receipt; blank checks were signed in advance; and bond coverage was not adequate. In addition, the city needs to better manage its bank accounts.

- A. There is no independent oversight or adequate segregation of duties related to the city clerk's office. The City Clerk's duties include receiving and depositing monies, recording receipts and disbursements, preparing and distributing checks, preparing monthly financial reports, and maintaining payroll records. Additionally, the City Clerk can sign checks. There was no evidence the board provided adequate supervision or review of the work performed by the City Clerk. The current procedures jeopardize the system of independent checks and balances.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating duties to the extent possible. If proper segregation of duties is not possible, timely supervisory or independent review of the work performed and investigation into unusual items and variances is necessary.

The errors noted below may have been detected and corrected on a timely basis if an independent review had been performed.

- B. The city needs to improve its accounting records. A complete financial accounting system has not been established.
1. The city does not maintain a fund ledger for its General Fund showing the beginning balances, monthly revenues by source and expenditures by type, and ending balances. The city's accounting records are manually prepared and include a checkbook register for the General Fund bank account and a monthly "balance sheet". The monthly "balance sheet" is prepared from the checkbook register and includes a detail list of the receipts and checks from the last meeting to the current meeting.

2. The city does not separately account for its water service activity. A fund ledger is not maintained to track the operations of the city's water services. All activity is accounted for in the General Fund bank account.

A water fund would help the city track the cost of providing water services to the residents and a rate could be developed to recoup all costs of operation including depreciation. Without proper allocations of expenses and recognition of all revenues and expenses, operations cannot be properly measured and evaluated to ensure funding levels are being met.

3. The city has not established a separate fund or separate accounting for motor vehicle-related revenues received from the state, and does not monitor the use of these funds to ensure compliance with state law. During the year ended December 31, 2005, the city received \$15,798 in motor vehicle-related revenues.

Article IV, Section 30 of the Missouri Constitution, requires that motor vehicle-related revenues apportioned by the state of Missouri be expended on street-related purposes including construction, maintenance, repair, policing, signing, lighting, and cleaning of roads and streets.

Fund ledgers and summary reports showing revenue sources and expenditure types should be prepared for each fund on a monthly basis and should be used for comparison to budgeted amounts and overall review of city operations. Also, revenues and expenditures associated with specific activities or restricted usage should be recorded in a fund established to account for those activities/usage and to ensure compliance with state law, as appropriate. Complete, organized, and timely accounting records are necessary to provide accurate and timely financial information to city officials upon which effective management decisions may be made.

- C. Because the city has not established procedures for the review of the work and records of the city clerk's office, numerous recording errors made were not detected and/or corrected. As a result, the city's bank account and checkbook register for its General Fund account are in disagreement.

We found the following errors:

- Two checks, totaling \$5,679, were recorded twice in the checkbook register; in 2004 when the checks were issued and again in 2005 when the checks were cashed by the bank.
- Two electronic transfers for tax payments, totaling \$2,575, were not recorded in the checkbook register.

- Interest earned from March to December 2005 and the sale of gravel, totaling \$49 and \$30, respectively, were not recorded in the checkbook register.
- Three checks returned for insufficient funds, totaling \$100, were not recorded in the checkbook register.
- Three checks recorded in the checkbook register were greater/less than the amount of the check.

Also, at December 31, 2005, the checkbook balance did not agree to the "balance sheet" given to the board. The ending balance for the checkbook was \$4,133 while the ending balance for the balance sheet was \$13,438. Part of the difference is due to recording the two checks, totaling \$5,679, twice in the checkbook. Additionally, another \$3,000 of the difference appears to be due to errors made in the checkbook and/or "balance sheet" prior to January 1, 2005.

Complete and accurate financial records are necessary for the board to make informed decisions and provides a basis for monitoring financial activity. The board should require the City Clerk to make adjustments as necessary to correct the errors in the city's accounting records.

- D. The City Clerk does not perform a monthly bank reconciliation of the bank balance to the accounting records.

The bank account should be reconciled to the accounting records on a monthly basis. A proper reconciliation helps ensure receipts and disbursements are properly handled and recorded, and that bank and book errors (as noted above) can be detected and corrected in a timely manner. Additionally, the reconciliation should be retained.

As city personnel were not able to perform the necessary reconciliations, we reconciled the bank account to the checkbook and made corrections as errors were found. The summary of financial activity presented in the History, Organization, and Statistical Information section of this report reflects this compilation.

- E. The City Clerk does not prepare a receipt log and/or receipts slips for monies she collects. To help ensure receipts are properly accounted for and errors are detected and corrected on a timely basis, a receipt log/receipt slips should be prepared for all monies received. The receipt log/receipt slips can be used to record receipts in the fund ledger. Additionally, details of the receipt records should be reconciled to the composition of deposits.
- F. Checks received by the City Clerk are not restrictively endorsed immediately upon receipt. According to the City Clerk, the bank endorses the checks when

deposits are made. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.

- G. Blank checks are sometimes signed in advance by the Mayor and City Treasurer. Three signatures are required for each check with the Mayor, City Treasurer, and City Clerk being the authorized check signers. Signing blank checks in advance does not allow for proper review of documentation to support the disbursement and diminishes the control intended by three signatures.
- H. The city does not have bond coverage for its employees and officials. The City Clerk, City Collector, water clerk, and sometimes the maintenance employee all collect monies. In addition, the Mayor, City Treasurer and City Clerk sign checks. The failure to properly bond all persons with access to assets exposes the city to an unnecessary risk of loss.
- I. The city needs to better manage its bank accounts. At December 31, 2005, the city had one checking account, one savings account, and two Certificates of Deposit. These accounts totaled approximately \$33,600.
  - 1. Checks were sometimes written when sufficient funds were not available in the city's checking account. For example, the bank did not deduct two checks, one written in January 2004 for \$4,365 and one written in July 2004 for \$1,313, from the city's bank account until October 2005 because sufficient funds were not maintained in the checking account. In addition, at January 1, 2005, the reconciled balance of the checking account was a negative \$534.

According to the City Clerk, the bank covers payments when the city does not have sufficient funds in its checking account and considers these payments "registered warrants" (loans). The bank charges five percent interest on registered warrants. In October 2005, the bank charged \$562 to cover the insufficient funds checks. However, the checkbook showed there were funds available to cover these two checks before October 2005.

The city needs to ensure that sufficient funds are maintained in its checking account. If the bank covers any insufficient funds checks, the city needs to reimburse the bank on a timely basis to reduce the amount of interest due.

- 2. The city does not have a written agreement with its depository bank. For example, the arrangement regarding registered warrants, noted above, is an oral agreement. A written depository agreement helps both the bank and the city understand and comply with the requirements of any banking arrangement.

The depository agreement provisions should include, but not be limited to, bank fees for check printing, checking account services, interest charges for borrowed funds, and interest rates for invested funds.

**WE RECOMMEND** the Board of Aldermen:

- A. Segregate the duties of the city clerk's office to the extent possible. If proper segregation of duties cannot be achieved, timely supervision or independent review of the work performed and investigation into unusual items and variances is necessary.
- B. Ensure a complete financial accounting system is established. Funds should be established for the city's general account and other activities, as appropriate. Summaries should be prepared documenting monthly revenue sources and expenditure types. This information should be used to compare to budget estimates and monitor city operations. Additionally, the city should ensure restricted revenues are expended only for their intended purpose.
- C. Require the City Clerk to make adjustments as necessary to correct the errors in the accounting records. The board should also ensure the financial records are complete, accurate, and provide sufficient information to monitor financial activity.
- D. Require the City Clerk to reconcile the bank account to the accounting records on a monthly basis and retain the documentation.
- E. Require the City Clerk to prepare a receipt log/receipt slip for all monies received, record receipts in the fund ledger promptly, and reconcile the details of the receipt records to the composition of deposits.
- F. Require the City Clerk to restrictively endorse all checks immediately upon receipt.
- G. Ensure the practice of signing blank checks in advance is discontinued.
- H. Obtain adequate bond coverage for all persons handling city monies.
- I.1. Ensure sufficient funds are maintained in the city's checking account to cover checks issued.
- 2. Enter into a written agreement with the city's depository bank.

**AUDITEE'S RESPONSE**

*A&B. We agree. We plan to discuss ways to implement.*

C-F

&I. *We agree. We will do these.*

G. *We agree. However, it is necessary to sign a few checks in advance to avoid late fees.*

H. *We partially agree. We will need to see the actual costs involved.*

<b>2. City Collector Controls, Records, and Procedures</b>
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The City Collector needs to improve her controls, records, and procedures. There is no independent review of the collector's activities; sufficient information is not included on current tax statements; an account book is not maintained; the board does not approve all additions/deletions to the tax records; and reports regarding tax collections and delinquent tax lists are not prepared.

During the year ended December 31, 2005, the City Collector remitted property taxes totaling almost \$15,000 to the city. In addition, at year end, over \$6,200 had been collected but not yet remitted.

A. The duties performed by the City Collector are not adequately segregated, and there is no independent review of the City Collector's controls, records, and procedures. The City Collector is responsible for performing the following functions:

- Extends tax books
- Prepares tax bills
- Collects payments
- Records payments
- Makes deposits
- Maintains tax records

To safeguard against possible loss or misuse of funds, internal controls should provide for reasonable assurances that all transactions are accounted for properly, and assets are adequately safeguarded. An adequate system of internal controls requires segregation of duties. If this is not feasible, the board should, at a minimum, designate someone independent of the tax collection process to perform and document periodic reviews of the procedures and records.

B. The City Clerk does not extend the tax books. From the Carroll County Assessor's real estate and personal property assessment books, the City Collector prepares worksheets to extend taxes for each resident. The total tax due from each resident is then recorded on the tax statements.

Section 94.290, RSMo, requires the City Clerk to prepare appropriate and accurate tax books, setting out in separate columns, the name of each person, the

item of taxable property and the amount of taxes and charge the City Collector with the amount to be collected.

Having the same individual prepare/extend the tax records and collect/record payments appears to be incompatible and eliminates the intent of this statute which is to provide some independent review and control over city tax collections.

- C. The current tax statements sent to city residents are not adequate. The statements do not identify the property being taxed, the related assessed valuation, or tax levy. The statements only includes the total amount due. Additionally, some errors were found in calculations of some taxes due.

We recalculated the tax due for 15 residents and found mathematical errors in 2 cases. In one case, there was a \$20 overpayment and in the other case, a \$4 underpayment. To help ensure errors and inconsistencies are corrected on a timely basis, the residents need to know which property is taxed, the related assessed valuation, and tax levy.

- D. The City Collector does not maintain an account book to record property tax charges, additions/abatements, collections, and remaining delinquent taxes. Tax records maintained by the City Collector include a tax log book, tax receipts, and tax statements. The log book identifies all property (real and personal) owned by each taxpayer and is prepared from the tax books received from the county. Information from the log is transferred to tax receipts and the receipts are used to prepare the tax statement. However, the information maintained does not summarize the total taxes charged, added/abated, or collected and delinquent taxes.

A properly maintained account book, including (by type) the property taxes charged to the city collector at the beginning of the year, collections each month, applicable adjustments, and balances uncollected can be useful in preparing the annual report require by state law.

- E. The tax receipts prepared by the City Collector serve as the city's record of receipt; however, the method of payment (cash, check, etc.) is not recorded on the tax receipts. To ensure proper handling and safeguarding of city monies, the method of payment should be indicated on the tax receipts and the composition of receipts should be reconciled to the bank deposits.
- F. Additions and abatements to the tax records are made by the City Collector rather than the board. These adjustments are just written into the tax records. To ensure all additions and abatements are proper, they should be approved by the board and reflected in the annual report to the board.

- G. Monies received are not deposited in a timely manner. According to the City Collector, she may only make two deposits during busy months. For example, the December 27, 2005 deposit totaled \$6,235, and the previous deposit was over 13 days earlier. To adequately safeguard receipts and to reduce the risk of loss, theft, or misuse of funds, receipts should be deposited intact daily or when accumulated receipts exceed \$100.
- H. The City Collector does not prepare appropriate reports for the board as required by state law.
1. A detailed annual report is not prepared. Section 79.310, RSMo, requires the city collector to make a detailed annual report to the board, stating the monies collected during the year, the amounts uncollected, and the names of the persons from which the amounts are uncollected.  
  
A detailed annual report which complies with state law and is classified by type of tax would help provide assurance taxes have been properly collected, written off, or determined to be delinquent. Such a report would summarize all taxes charged to the city collector at the beginning of the tax year, monthly collections, delinquent credits, abatements and additions, and protested amounts. Without such a report, examined by the board, any errors or irregularities that might occur, are likely to go undetected.
  2. An annual list of delinquent taxes is not prepared. Section 94.320, RSMo, provides the board shall require the city collector, at the first meeting of the board in April each year, to prepare lists of delinquent taxes. This section also requires the board to examine and approve the lists and charge the city collector with the taxes due.
  3. A monthly report of delinquent tax collections is not prepared. Section 94.330, RSMo, requires the city collector to report to the board at the regular meeting each month all taxes collected on real and personal delinquent lists. Additionally, this section provides the board "may declare worthless any and all personal delinquent taxes they deem uncollectible."

**WE RECOMMEND** the Board of Aldermen:

- A. Designate someone independent to perform and document periodic reviews of the tax collection records.
- B. Require the City Clerk to extend the current tax books and charge the City Collector with the amount of taxes, in accordance with state law.



- C. Require the City Collector to include the property being taxed and related assessed valuation on the tax statements.
- D. Require the City collector to maintain an account book.
- E. Require the City Collector to record the method of payment received on the corresponding tax receipts and reconcile the composition of receipts to bank deposits.
- F. Review and approve all additions and abatements made to the tax book.
- G. Require the City Collector to deposit daily or when accumulated receipts exceed \$100.
- H.1. Require the City Collector to prepare a detailed annual report for presentation to the board.
- 2. Require the City Collector to prepare an annual list of delinquent taxes for approval of the board. All valid delinquent taxes which the board does not choose to abate or write-off should be charged back to the City Collector for collection in the ensuring year.
- 3. Require the City Collector to report collections on delinquent accounts at each regular monthly meeting.

#### **AUDITEE'S RESPONSE**

*A-F*

*&H. We agree. We will do these.*

*G. We agree. We will try to deposit more often.*

#### **CITY COLLECTOR'S RESPONSE**

*I will work with the city to implement these recommendations.*

<b>3.</b>	<b>Water and Trash Services</b>
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We noted several significant weaknesses related to the city's water and trash services. In 2005, water and trash collections totaled almost \$58,000, however there is no independent oversight of the water clerk's activities. In addition, the method of payment is not recorded on the city's copy of the water statements, a monthly reconciliation of billings, payments, and delinquent amounts is not performed, receipts are not deposited timely, and checks are not restrictively endorsed when received. Furthermore, water deposits are not accounted for.

- A. There is no independent oversight or adequate segregation of duties related to the city's water system. The city water clerk performs all functions related to generating monthly water/trash bills; receiving, recording, and preparing deposits for water/trash payments; approving and making adjustments; and monitoring delinquent accounts and initiating shut-off orders. There is no independent review of these activities. Additionally, although the City Clerk makes the deposit, the water clerk does not receive a validated deposit slip to compare to her records.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all transactions are properly accounted for and assets are adequately safeguarded. Internal controls could be improved by segregating the duties of receiving and depositing monies from that of generating bills, recording payments, and following up on delinquent accounts.

If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between water/trash payments and recorded deposits, and an independent review and approval of credit adjustments and delinquent account follow-up

- B. The method of payment (cash, checks, etc.) is not recorded on the city's copy of the billing statements and a listing of receipts received is not maintained. Thus, receipts cannot be readily reconciled to deposits. As a result, there is little assurance that all monies have been properly collected, recorded, and deposited. In addition, subsidiary records for each individual receiving water/trash service are not maintained.

For the January 2006 deposit, totaling \$4,662, we added the water statements marked paid for a total of \$4,838, a difference of \$176. According to the water clerk this difference could be because some businesses/residents prepay their bills for a period of time, and she prepares a monthly statement and marks the statement paid to track the prepay balances. In addition, she prepares a statement and marks it paid when a resident discontinues service and she uses their water deposit to pay their last bill. However, the clerk does not maintain documentation for the reconciliation of the water statements to deposits.

To adequately safeguard funds and ensure receipts are recorded and accounted for properly, a daily listing of receipts should be maintained, the method of payment should be recorded on the listing, and the listing and the composition of receipts should be reconciled to bank deposits.

Additionally, to better ensure the prepayments of water and the use of water receipts are handled and accounted for properly, the clerk should maintain a listing/ledger for identifying prepayment and water receipt activity. This listing/ledger can help ensure that the records are in balance and water deposits are accounted for properly. Also, subsidiary records need to be maintained for

each individual receiving water/trash service. The subsidiary records should include, at a minimum, the amounts billed, amounts paid, payment date, method of payment, and delinquent amounts. Periodically, the subsidiary records should be reconciled to the amounts deposited and/or listing of receipts, to ensure the accuracy of the subsidiary records. Any differences should be investigated.

- C. The water clerk does not perform monthly reconciliations of total billings, payments received, and amounts remaining unpaid for the water/trash services. The clerk scans all billing statements for payments not made, and then adds the delinquent amount on the next month's billing. The city should maintain a control account ledger to reconcile total billings to payments received and amounts remaining unpaid.

Monthly reconciliations are necessary to ensure that all accounting records balance, transactions have been properly recorded, and any errors or discrepancies are detected on a timely basis. Complete documentation of the reconciliation should be retained to support conclusions and any corrections made and to facilitate independent review.

- D. Water/trash receipts are not deposited in a timely manner. Water/trash receipts are generally deposited once a month. The January 19, 2006 deposit, totaling \$4,662, included \$874 (19 percent) in coin/currency and for 2005, the average monthly deposit was approximately \$4,700. To ensure all monies are properly accounted for and to adequately safeguard receipts, deposits should be made intact daily or when accumulated receipts exceed \$100.
- E. Checks are not restrictively endorsed immediately upon receipt. According to the water clerk, she endorses the checks when deposit slips are prepared. To reduce the risk of loss or misuse of funds, checks should be restrictively endorsed immediately upon receipt.
- F. Controls over water deposits need to be improved. The deposits recorded on city records are not reconciled to monies in the bank. City residents are required to pay a refundable deposit for water service. Currently, the city collects \$50 from homeowners and \$100 from renters. The water deposits represent a liability to the city.

The monies are deposited into the General Fund bank account and the City Clerk maintains an index card for each homeowner/renter with the amount of deposit and any subsequent refund or outstanding balance. In addition, a summary of the water deposits (beginning balance, water deposits, refunds, and ending balance) is recorded on the monthly "balance sheet" prepared by the City Clerk and submitted to the board. At December 31, 2005, the "balance sheet" balance for water deposits was \$12,266.

However, the City Clerk does not periodically reconcile the monies in the bank ("balance sheet") to the index cards. To ensure all city residents have paid a proper deposit and the city only refunds deposits to residents that have actually paid, periodic reconciliations between the index cards and monies in the bank are necessary. Without these reconciliations, the possibility of undetected errors increases.

**WE RECOMMEND** the Board of Aldermen:

- A. Segregate the water clerk's duties of receipting and depositing monies from that of preparing bills and recording payments. If proper segregation of duties cannot be achieved, at a minimum, there should be an independent review of the reconciliations between payments deposited and recorded, and an independent review of and approval for credit adjustments and delinquent accounts follow-up.
- B. Require the water clerk to maintain a daily listing of receipts and record the method of payment. In addition, individual subsidiary records should be maintained. The listing and composition of receipts should be reconciled to bank deposits and subsidiary records. The board should also periodically recompute selected billings, collections and amounts due to ensure amounts recorded on the records are accurate. Finally, a listing/ledger should be maintained for the prepayment of water and the use of water deposits. This listing/ledger should be reconciled to bank deposits and water deposit records, as applicable.
- C. Require a control ledger be maintained and a monthly reconciliation performed of the amounts billed to amounts collected and delinquent accounts.
- D. Require water/trash deposits be made daily or when accumulated receipts exceed \$100.
- E. Require the water clerk to restrictively endorse all checks immediately upon receipt.
- F. Require the City Clerk to periodically reconcile the water deposit index cards to the monies in the bank.

**AUDITEE'S RESPONSE**

*A-C&*

*E-F. We agree. We will do these.*

*D. We agree. We will try to deposit more often.*

Significant weaknesses were identified in the city's budgeting, financial reporting, and planning. The city's budgets are not adequate and actual expenditures exceeded budgeted expenditures. In addition, the city does not publish semi-annual financial statements and does not submit annual financial reports to the State Auditor's Office. Finally, the city needs to prepare an annual maintenance plan for city streets.

- A. The city does not prepare and adopt annual budgets in accordance with state law. The budget for the year ended December 31, 2005 did not include a budget message, beginning and ending fund balance, or actual revenues and expenditures for the two preceding budget years. The budget showed only the budgeted revenues and expenditures for the preceding two years, and budget amounts were not recorded for motor vehicle-related revenues received from the state. In 2005, these motor vehicle-related revenues totaled almost \$16,000. In addition, the board did not formally approve the budget. Also, as of February 2006, the City Clerk had not prepared the budget for the year ended December 31, 2006.

Section 67.010, RSMo, requires the preparation of an annual budget and Sections 67.010 to 67.080, RSMo, set specific guidelines for the format, approval, and amendments of the annual budget. A complete budget should include a budget message, actual (or estimated for the years not yet ended) revenues and expenditures for the preceding two budget years, and the beginning and estimated ending available resources. The board should adopt and approve the budget prior to the beginning of the applicable fiscal year, and indication of approval of the budget should be documented in the official minutes of the board.

A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific costs and revenue expectations for each area of city operations. A budget can also provide a means to effectively monitor actual costs by periodically comparing budgeted amounts to actual expenditures. It will also assist in setting tax levies and informing the public about city operations and current finances.

- B. Actual expenditures exceeded budgeted amounts in the General Fund by almost \$10,000 for the year ended December 31, 2005. The budgeted expenditures were \$87,400, with actual expenditures over \$97,000. It appears the board did not detect the overspending because budget to actual comparisons are not prepared and reviewed by the board prior to approving expenditures.

Section 67.040, RSMo, requires political subdivisions to keep expenditures within amounts budgeted. If there are valid reasons which necessitate excess expenditures, a resolution should be adopted by the governing body setting forth the amount of the budget increase and the facts and reasons for the increase. Budgets are a planning tool and should serve as a guide throughout the year to

monitor revenues and expenditures. A periodic comparison of budgeted versus actual revenues and expenditures is necessary to properly monitor the financial activity of city funds.

- C. The city does not publish semi-annual financial statements as required by state law. Section 79.160, RSMo, requires the city to prepare and publish semi-annual financial statements. These financial statements are to include a statement of receipts and expenditures and indebtedness of the city for the preceding six-month period, and are to be published within one month of the end of the period. In addition, Section 79.165, RSMo, states the city cannot legally disburse funds until the financial statement is published.
- D. The city has not submitted an annual financial report to the State Auditor's Office since fiscal year 1998. Section 105.145, RSMo, requires political subdivisions to file an annual report of the financial transactions of the political subdivision with the State Auditor's Office. The board should ensure annual financial reports are submitted to the State Auditor's Office and accurately and completely reflect the financial activity and balances of city funds.
- E. The city does not prepare an annual maintenance plan for city streets. In 2005, the city spent almost \$5,000 for gravel.

A formal maintenance plan should be prepared in conjunction with the annual fiscal budget and include a description of the streets to be worked on, the type of work to be performed, an estimate of the quantity and cost of materials needed, the dates such work could begin, and other relevant information. The plan should be included in the budget message and be approved by the board. In addition, a public hearing should be held to obtain input from the city residents.

A formal maintenance plan would serve as a useful management tool and provide greater input into the overall budgeting process. A plan provides a means to continually and more effectively monitor and evaluate the progress made in the repair and maintenance of streets throughout the year.

**WE RECOMMEND** the Board of Aldermen:

- A. Prepare budgets that contain all information as required by state law. In addition, the budgets should be adopted before the beginning of the city's applicable fiscal year.
- B. Ensure actual expenditures do not exceed budgeted amounts. In addition, the board should ensure complete and accurate monthly budget to actual reports are prepared and are used to monitor the city's financial activity.
- C. Publish semi-annual financial statements as required by state law.

- D. Submit complete and accurate annual financial reports to the State Auditor's Office as required by law.
- E. Prepare an annual street maintenance plan as part of the budget.

**AUDITEE'S RESPONSE**

*A-E. We agree. We will do these.*

<b>5. Minutes, Meetings, and Ordinances</b>
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There are several weaknesses with the board's procedures for conducting and documenting board meetings. Additionally, the city needs a policy for public access to records and absenteeism by board members. Also, city ordinances need improvement.

- A. Board minutes are not signed to attest to their completeness and accuracy. The board minutes should be signed by the Mayor and City Clerk upon approval to provide an independent attestation that the minutes are a correct record of the matters discussed and action taken during the board meeting.
- B. Board minutes do not adequately document all matters discussed and action taken. For example, records of votes are not always documented. Also, the minutes for the December 2005 meeting do not indicate that the monthly bills were approved. Generally, the minutes include little detail of issues discussed by the board.

Section 610.020, RSMo, requires minutes of meetings be taken and retained by all governmental bodies and to include the date, time, place, members present, members absent, and a record of votes. Minutes serve as the only official permanent record of decisions made by the board. Therefore, it is necessary the minutes be prepared to clearly document all business conducted.

- C Open meeting minutes and related agendas do not document the specific reasons for a closed meeting.

Section 610.021, RSMo, allows the board to close meetings to the extent the meetings relate to specified subjects, including litigation, real estate transactions, and personnel issues. Except for "good cause", Section 610.020 provides that notice for meetings be given at least twenty-fours prior to the meeting and include the time, date, place of each meeting, and its tentative agenda. Section 610.022, RSMo, requires that before any meeting may be closed, the question of holding the closed meeting and the reason(s) for the closed meeting shall be voted on at an open session.

- D. Although a tentative agenda is prepared and posted for each board meeting, the agenda is a standard format which does not disclose specific information to be

discussed for the upcoming meeting. For example, the agenda only lists "discuss any old business" and "discuss any new business".

To adequately inform the residents of the business to be discussed during the board meeting and to ensure compliance with the Sunshine Law, Chapter 610, RSMo, the tentative agenda should summarize the topics to be discussed during the meeting.

- E. The city does not have a formal policy regarding public access to city records. A formal policy would establish guidelines for the city to make the records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish a cost for providing copies of public records.

Section 610.023, RSMo, lists requirements for making city records available to the public. Section 610.026, RSMo, allows the city to charge fees for copying public records, not to exceed the city's actual cost of document search and duplication.

- F. The city does not have a policy regarding absenteeism by board members. During the year ended December 31, 2005, while monthly meetings were planned, two board members and the mayor missed four or more meetings. In addition, regular board meetings were cancelled in August 2005, January 2006, and February 2006 because a quorum was not present.

A quorum is necessary before decisions can be made. The lack of attendance by board members can result in the inability to hold meetings and take votes, which disrupts the conduct of city business. To help ensure city business is conducted in a timely manner, the city needs to have a policy addressing absenteeism by board members.

- G. The city ordinances do not appear complete and up-to-date. Additionally, the city has not adopted ordinances required by state law and/or needed to govern the city.

- 1. Many of the city ordinances appear old and outdated. It appears the ordinances were last codified in 1978.

Since ordinances represent legislation passed by the board to govern the city and its residents, it is important that they be maintained in a complete, well-organized, and up-to-date manner. An index of all ordinances passed and repealed by the city could help keep track of additions and changes made to the city ordinances. A complete set of the original signed ordinances should be maintained at the city hall.

- 2. The city has not adopted current ordinances to address all issues required by state law, such as setting the property tax rates. In addition, ordinances



used to govern the city such as personnel policies and procedures and bidding policies and procedures have not been adopted.

Sections 94.190.3 and 94.210, RSMo, require the property rate be set annually by ordinance. Additionally, the city's policies and procedures should be set forth in the ordinances to give the taxpayers information on how the city is to be governed.

**WE RECOMMEND** the Board of Aldermen:

- A. Ensure the board minutes are signed by the Mayor and the City Clerk to attest to their completeness and accuracy.
- B. Ensure minutes clearly document all business conducted.
- C. Ensure the open meeting minutes document the vote and state the reasons for going into closed session.
- D. Ensure the tentative agenda summarizes the information to be discussed for the upcoming meeting.
- E. Develop written policies regarding procedures to obtain access to, or copies of, public city records.
- F. Develop a policy regarding absenteeism by board members.
- G. Ensure a complete and up-to-date set of codified ordinances is maintained. This would include passing new ordinances where appropriate and required.

**AUDITEE'S RESPONSE**

*A-G. We agree. We will do these.*

<b>6. Personnel and Payroll</b>
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The appointment of the Mayor's wife as City Clerk may represent nepotism. Additionally, the compensation for board members and employees is not set by ordinance, the compensation paid to the City Collector is not properly reported, and the payroll records for the Mayor and City Treasurer were not accurate. Also, personnel files are not maintained for city employees.

- A. The appointment of the Mayor's wife as City Clerk may represent nepotism. The City Clerk is an appointed position. The mayor's wife was first appointed as City Clerk by a former mayor in 1997. However, when the current Mayor was first elected in April 2001, he reappointed his wife as City Clerk. At that time, the

city's board minutes did not indicate that the board voted on this reappointment. Since that time the minutes have been silent regarding the appointment of a City Clerk. Also, the City Clerk received a raise in May 2005 and the minutes did not indicate the vote.

Article VII, Section 6, of the Constitution defines the penalty for nepotism and states "Any public officer or employee in this state who by virtue of his office or employment names or appoints to public office or employment any relative with the fourth degree, by consanguinity or affinity, shall thereby forfeit his office or employment." A mayor who appoints a family member as a city employee would appear to violate this section of the constitution.

Discussions and decisions concerning transactions where a potential for nepotism exists should be completely documented to provide assurance that no city official has acted improperly. The board should consider establishing an ordinance which addresses these type of situations and provides a code of conduct for city officials.

- B. The city has not established an ordinance for the compensation paid to board members and employees or the term of office for the City Clerk. The last ordinances approved by the board for the compensation of board members and employees were in 1978 and these ordinances do not reflect current positions and compensation. According to the City Clerk, city employees receive a pay increase each May.

Section 79.270, RSMo, provides that city officials and employees salaries be set by ordinance and Section 79.320, RSMo, requires the City Clerk's duties and term of office be established by ordinance.

Establishing ordinances to set compensation rates and term of office, in addition to meeting statutory requirements, document the approved amounts to be paid and eliminates misunderstandings regarding the amount of pay each city official and employee receives. Also, Section 70.270, RSMo, provides that "...the salary of an officer shall not be changed during the time for which he was elected or appointed." Thus, the term of office is significant in determining when pay increases are allowable under state law.

- C. The city did not either 1) report wages, withhold payroll taxes, or pay the employer's share of social security or 2) issue a Form 1099 on compensation paid to the City Collector. In 2005, the city paid the City Collector \$906, which represented 5 percent of taxes collected and 60 cents for each tax receipt prepared. In addition, she was paid \$170 for cleaning city hall.

The Internal Revenue Service (IRS) requires employers to report compensation on W-2 forms and withhold and remit federal income taxes. Similarly Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. Also, state and federal laws require employers to pay the employer's share

of social security on the compensation paid to employees. Section 105.300, RSMo, defines an appointive officer or employee of a political subdivision as an employee for social security tax purposes. Additionally, Section 6041 to 6051 of the Internal Revenue Code requires that non-wage payments of a least \$600 in one year to an individual be reported to the federal government on Form 1099.

The city needs to contact the IRS and/or the Missouri Department of Revenue for guidance regarding this situation.

D. The payroll records for the compensation paid to the Mayor and some board members were not always consistent, accurate, or correct.

- The Mayor was paid \$100 for the December 2005 meeting; however, this payment was not recorded in the payroll records.
- The mayor pro-tem was also paid \$100 for the December 2005 meeting.
- The mayor pro-tem was paid \$100 for the June 2005 meeting plus \$15 as board member's compensation; however, he was not paid the \$15 in other months when acting mayor pro-tem.
- A board member was paid \$15 per month to sign checks as the City Treasurer; however, these payments were not recorded in the payroll records.

The board needs to ensure the compensation paid to its members and the Mayor is correct and accurate. Additionally, the compensation paid should be properly recorded in the payroll records to ensure appropriate wages are reported and applicable payroll taxes are withheld.

E. Personnel files are not maintained for city employees. Personnel files should be maintained for each employee to provide documentation of personnel actions and to provide readily accessible work histories. In addition, personnel files should contain documentation of the board's authorization for the hiring of that employee, the pay rate at which the employee was hired, and any subsequent changes in pay rate.

**WE RECOMMEND** the Board of Aldermen:

A. Ensure apparent and actual instances of nepotism are avoided. City officials who have a conflict that is unavoidable should fully disclose their interests and should not vote on matters which involve them personally and/or relatives. Such matters and transactions should be completely documented so that the public has assurance that no city official has acted improperly. City officials should ensure strict compliance with the law when conducting city business and should consider adopting a code of conduct for city officials.

- B. Establish the compensation of city officials and employees by ordinance. In addition, the duties and term of office for the City Clerk should be set by ordinance.
- C. Contact the IRS and/or Missouri Department of Revenue for guidance regarding the reporting of compensation paid to the City Collector.
- D. Ensure the compensation paid to the Mayor and board members is correct, accurate, and recorded properly in the payroll records.
- E. Ensure complete personnel files are maintained for all city employees which include authorization for the employee's hiring, the initial pay rate and any subsequent increases, and any other personnel actions.

### **AUDITEE'S RESPONSE**

A. *We agree. We will look into adopting a code of conduct.*

B-E. *We agree. We will do these.*

<b>7. Expenditures</b>
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The city does not have a formal bidding policy and does not solicit proposals for its engineering services. Formal written agreements were not prepared for some services and agreements were not always signed in a timely manner. In addition, supporting documentation was not obtained/retained for some expenditures and the board needs to better document its approval of disbursements. Also, Form 1099 was not issued as appropriate and the purchase of gift certificates does not appear to be a prudent use of public funds. Finally, selling gravel to city residents may violate the city's sales tax exemption letter, and the city has no documentation supporting the amount charged the residents.

- A. The city does not have a formal bidding policy. As a result, the decision of whether to solicit bids for a particular purchase is made on an item-by-item basis. For example, bids were either not solicited or bid documentation was not retained for city insurance totaling \$5,257, gravel totaling \$3,601, and wiring the concession stand for \$1,750. Overall, it appears the city bids very few items.

Formal bidding procedures for major purchases provide a framework for economical management of city resources and help ensure the city receives fair value by contracting with the lowest and best bidders. Competitive bidding helps ensure all parties are given an opportunity to participate in the city's business. A formal policy could include when various approaches for bidding, such as the requirement to advertise for sealed bids, are appropriate. Whichever approach is

used, complete documentation should be maintained of all bids received and reasons why the bid was selected.

- B. The city did not solicit proposals for its engineering services. City officials indicated they inquired of other cities and chose the only firm located in the area. For the year ended December 31, 2004, the city paid almost \$30,000 for engineering services related to the city's waterworks and sidewalk improvements. The city did not pay for any engineering services in 2005.

The city should solicit proposals for engineering services. Section 8.289 and 8.291, RSMo, provide that when obtaining engineering services, at least three highly qualified firms should be considered. These firms should be evaluated based upon specified criteria and qualifications for the type of service required as well as the fees being charged.

- C. The city did not always have formal written agreements with individuals providing services to the city. For example, a written agreement was not obtained for patrol services. During January 2005 and part of 2004, the city paid a deputy sheriff \$250 per month for patrolling the city and the county \$80 per month for the deputy's use of a county vehicle and gasoline. Additionally, the city had no documentation regarding the number of hours the deputy patrolled the city to ensure the compensation paid was reasonable.

The city should obtain formal written agreements, as needed, which specify the services being rendered and the manner and amount of compensation to be paid. Furthermore, Section 432.070, RSMo, requires contracts for political subdivisions to be in writing.

- D. Effective January 1, 2006, the city increased fees paid by residents for trash services without having approval of the board. In addition, the city did not have a signed agreement with the vendor. Later, in February 2006, the Mayor signed the three-year trash service agreement which included an increase of fees; however, the board's approval of the agreement was not documented in board minutes.

Agreements should be approved and signed by all parties prior to the effective date so that all parties can be held to the contract terms and provisions during the contract period.

- E. For expenditures tested, vendor invoices or other supporting documentation were not properly obtained and/or retained for expenditures for patrolling fees (noted above) and cleaning city hall.

All expenditures should be supported by paid receipts and/or vendor provided invoices to ensure the obligations were actually incurred and the expenditures represent appropriate uses of public funds. The board should ensure adequate documentation is available prior to approval of the payment.

- F. The board minutes only make general reference that bills were approved for payment. Also, while the City Clerk may review invoices and/or supporting documentation, the board generally does not review the invoices/supporting documentation before approving the payments.

For each meeting, the City Clerk prepares a "balance sheet" for the board's review. The "balance sheet" includes a list of the checks from the last meeting to the current meeting. However, the "balance sheet" is not signed and/or initialed by the alderman to indicate approval and is not included with the official minutes.

To adequately document the board's review and approval of all disbursements, a detailed list of disbursements should be prepared, signed/initialed by the aldermen to denote their approval, and retained with the official minutes. In addition, supporting documentation should be reviewed by the board or someone independent of the disbursement process before payment is made. Failure to properly review all invoices and supporting documentation, and to document authorizations, increases the possibility of inappropriate disbursements occurring.

- G. The city has not established procedures to ensure all payments totaling more than \$600 in one year to non-employees and unincorporated businesses are properly reported to the IRS as required. For 2005, the city did not report all applicable payments to vendors for gravel, electrical wiring, and tax reports totaling over \$5,500.

Sections 6041 through 6051 of the Internal Revenue Code require non-wage payments of a least \$600 in one year to an individual or unincorporated business be reported to the federal government on Form 1099.

- H. The purchase of gift certificates for city officials and employees does not appear to be a prudent use of public funds. In December 2004, the city purchased gift certificates totaling \$125 for the board, mayor, and employees as holiday gifts.

This expenditure does not appear to be a necessary cost of operating the city and constitutes a questionable use of public funds. In addition, the Missouri Constitution prohibits the use of public money or property to benefit any private individuals, associations, or corporations, except as provided in the constitution. The city's residents have placed a fiduciary trust in their public officials to expend public funds in a necessary and prudent manner. The board should evaluate the propriety of spending public funds on this type of expenditure.

- I. The selling of gravel to city residents appears to violate the terms of the city's sales tax exemption letter. Also, the city has no documentation supporting the amount charged the residents. For the year ended December 31, 2005, the city received \$650 for gravel sales.

The city routinely sells and delivers gravel to residents. As a result, the residents avoided paying sales tax on their purchases of gravel from the city. Additionally, the city buys by the ton and sells by the scoop and there are no reconciliations between purchases and sales. As a result, the city has not determined if the city is making or losing money on this arrangement.

The city needs to ensure its sales tax exemption is not used to benefit individuals. If the city continues to sell gravel to residents, it needs to establish a charge based upon its costs. In addition, the documentation to support the charge should be retained.

**WE RECOMMEND** the Board of Aldermen:

- A. Establish a formal bidding policy. Such a policy could require competitive bids be solicited through advertising for any purchases over an established amount.
- B. Ensure proposals are solicited for engineering services, in accordance with state law.
- C. Obtain formal written agreements for services which specify the services to be rendered and the manner and amount of compensation to be paid, as applicable.
- D. Ensure agreements are approved and signed by all parties prior to the effective date of the agreement.
- E. Obtain and retain adequate supporting documentation, including invoices, for all expenditures made.
- F. Ensure the approval of all disbursements is adequately documented by including a listing of all approved disbursements in the board minutes. In addition, the board should review and approve the disbursement of city funds prior to the disbursement being made.
- G. Establish procedures to ensure payments totaling greater than \$600 in one year to non-employees and unincorporated business are properly reported to the IRS as required.
- H. Ensure all expenditures of city's monies are necessary and a prudent use of public funds and do not violate the constitution.
- I. Ensure the city's sales tax exemption is not used to benefit individuals. If the city continues to sell gravel to residents, the city needs to establish a charge based upon its costs and retain the documentation to support the charge.

## **AUDITEE'S RESPONSE**

*A-I. We agree. We will do these.*

<b>8. Capital Assets</b>
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The city needs to improve internal controls over its capital assets. The city does not maintain complete and detailed records for its capital assets, including land, buildings, equipment and furniture. In addition, property is not tagged for specific identification and an annual physical inventory of the property is not performed. In fall 2005, the city prepared a list of property; however, the list did not include all necessary and relevant information. For example, the city's list did not include any office furniture and equipment and the name, make, model or serial number, as applicable.

Property records for capital assets are necessary to ensure accountability for all items purchased and owned and for determining the proper amount of insurance coverage. To develop appropriate records and procedures for capital assets, the city needs to undertake a comprehensive review of all property owned by the city. Assets should be counted, tagged for specific identification, and recorded by description and serial number in a detailed property ledger at historical cost or estimated historical cost if the original cost is not available. In addition, the city needs to maintain the property records on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Periodically, the city should conduct annual physical inventories and compare to the detailed records.

**WE RECOMMEND** the Board of Aldermen maintain complete and detailed capital asset records that include all pertinent information for each asset, such as tag number, description, cost, acquisition date, location, and subsequent disposition. These records should be updated for any property additions or dispositions as they occur. Additionally, annual physical inventories should be performed and compared to the detailed records.

## **AUDITEE'S RESPONSE**

*We agree. We will do this.*



HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

CITY OF BOSWORTH, MISSOURI  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

The city of Bosworth is located in Carroll County. The city was incorporated in 1895 and is currently a fourth class city. The population of the city in 2000 was 382.

The city government consists of a mayor and six member board of alderman. The members are elected for 2-year terms. The mayor is elected for a 2-year term, presides over the board of alderman, and votes only in the case of a tie. The Mayor, Board of Alderman, and other officials during the year ended December 31, 2005, are identified below. The Mayor is paid \$100 per month and Board members \$15 per month. In addition, the Board member acting as the City Treasurer is paid an extra \$15 per month.

<u>Mayor and Board of Aldermen</u>	<u>Dates of Service During the Year Ended December 31, 2005</u>	
Jimmy Wagy, Mayor	January 2005 to December 2005	
Aaron Bell, Alderman	January 2005 to December 2005	
Michelle Bell, Alderwoman	April 2005 to December 2005	
Ronnie Wooden, Alderman	January 2005 to April 2005	
Roger Painter, Alderman	January 2005 to December 2005	
Laveda Wright, Alderwoman	January 2005 to December 2005	
Ray Drury, Alderman	January 2005 to December 2005	
Anthony Butterfield, Alderman	April 2005 to December 2005	
Janet Smith, Alderwoman	January 2005 to April 2005	
<u>Other Principal Officials</u>	<u>Dates of Service During the Year Ended December 31, 2005</u>	<u>Compensation Paid for the Year Ended December 31, 2005</u>
Melissa Wagy, City Clerk	January 2005 to December 2005	\$ 2,465
Delores Potter, City Collector	January 2005 to December 2005	906
Hazel Henderson, Water Clerk	January 2005 to December 2005	2,068
Robert Bruce, Maintenance Worker	January 2005 to December 2005	19,066

Assessed valuations and tax rates for 2005 were as follows:

ASSESSED VALUATIONS

Real estate	\$ 1,056,687
Personal property	429,549
Total	<u>\$ 1,486,236</u>

TAX RATE(S) PER \$100 ASSESSED VALUATION

	Rate
General Fund	\$ .8731

Deposits and disbursements from the city's General Fund checkbook register were compiled by type of revenue and expenditures for the year ended December 31, 2005. This summary of the city's financial activity is presented below:

	General Fund
RECEIPTS	Account
Property taxes	\$ 14,873
Motor fuel and motor vehicle taxes	15,798
Kansas City Power and Light gross tax	7,366
Interest	58
Water and trash collections	57,648
Water deposits	1,175
Concession stand reimbursement	6,163
Gravel collections	650
Other	1,875
Total Receipts	<u>105,606</u>

DISBURSEMENTS	
Salaries and fringe benefits	27,653
Tax collector commissions	906
Insurance and bonds	5,257
Telephone	750
Electricity (street lights)	6,652
Electricity	4,615
Trash service	12,286
Postage and box rent	1,254
Advertising	231
Diesel, gas, propane	6,070
Water system maintenance and repair	6,413
Water deposit refunds	319
Supplies	933
Other repair and maintenance supplies	2,262
Primacy fee	348
Fees and dues	4,332
Cleaning services	373
Reimbursements for labor and supplies	639
Equipment	705
Construction, concession stand	7,744
Gravel	4,869
Interest expense	562
Miscellaneous	1,308
Transfer to savings account	900
Total Disbursements	<u>97,381</u>
Receipts Over (under) Disbursements	8,225
Cash Balance, January 1	25,411
Cash Balance, December 31	<u>\$ 33,636</u>